

2009 Budget Hearing

December 1, 2008

These are the minutes of the 2009 Budget Hearing held on December 1, 2008 at 5:15 p.m. in the City Municipal Building.

Mayor Romell called the Public Hearing to order. On roll call were Alderpersons Jensen, Manthey, Robinson, Smith, Mayor Romell and Administrator Ellisor. Alderpersons LaQuee and Williams were excused.

Administrator Ellisor's 2009 Budget Report Memorandum was read by Alderperson Smith. Mayor Romell gave the Revenue and Expenditures Equalized Value Comparison for 2008 and 2009. Various portions of the 2009 budget composing the proposed budget were explained by Administrator Ellisor and discussion followed on some of the relevant trends and projections of the City's finances:

The anticipated mill rate (pre-TIF millage is the millage rate applied for General Fund operating expenses) should be \$3.35 and the anticipated General Fund mill rate (after TIF) should be \$4.42. This will generate \$285,500, an overall decrease of \$77,500, or 22.35%. This decrease is attributed to moving the Fire Protection cost from the tax levy to the utility bill.

State Shared Revenue, the largest revenue component of the General Fund operating budget (approx. 65%) at \$622,956, has remained the same over the past 5 years. The General Transportation Aid funding did realize an increase over the prior year, \$149,780.98 to \$149,942, increase of 0.1%.

Administrator Ellisor pointed out the operating expenses continue to increase, such as fuel, energy, and health insurance. The health insurance will increase 9% for 2009. The adopted budget allows for the same level of City services that have been offered in previous years. Cutting costs through reorganizing and reducing department staffing levels remains a plan being evolved into. The Public Works and Clerk's office are two examples of City staffing being recalibrated. The Public Works operates with one less full-time staff person, while the Clerks office operates with one and a half less full-time staff personnel.

The City's projected after TIF mill rate for 2009 has been set at 4.42 mills. The 2009 mill rate represents a 28.19% decrease over the 2008 rate. The mill rate is relevant because it serves as the multiplier for annual property tax billings. The City mill rate equates to \$4.42 for every \$1,000 of assessed property value. The City's assessed value and the State equalized value is a 100% match. In most instances, the property owner will see a change to the *City Portion* of the property owner's tax bill.

The 2009 TIF Districts show a slight decrease in revenue from 2008. A decrease in the City's levy or any of the other taxing jurisdictions in the TIF District would affect the TIF revenues. The bulk of increase in SEV growth is contained within TIF District #3. The TIF's will incur more of the eligible administrative expenses than had been applied in prior years. In 2008, \$29,645 is budgeted to cover administrative cost for the TIF's alleviating General Fund costs. Also added as an eligible expense in TIF budget costs are Main Street enhancement including Christmas decorations, banners, flower presentations and maintenance.

At this time, there is no new street construction or reconstruction proposed.

The City's borrowing capacity (general obligation debt) is limited to no more than 5% of the City's State Equalized Value. By the end of December this year the City's borrowing capacity will be at \$2,056,000. By this time 2009 the City's capacity will be up to \$2,426,464.

Motion by Manthey, second by Smith to adjourn the budget hearing. Roll call vote, all voted aye.

Janet L. Winters
Clerk/Treasurer